

By hand and by fax at 2147 5770

14 February 2019

Mr Paul M P CHAN GBM GBS MH JP
Financial Secretary
24/F, Central Government Offices
2 Tim Mei Avenue
Tamar Hong Kong

Dear Mr CHAN


2019-20 Budget

On behalf of the Institution, I am pleased to submit herewith our views and suggestions as set out in the enclosure for your consideration in the preparation of the 2019-20 Budget.

For the welfare of the community as a whole and the development of the profession, the Institution, with the expertise of our members, welcome the opportunity to support the initiatives of the Administration on areas of concern.

Thank you.

Yours sincerely



Ir Ringo S M YU
President
The Hong Kong Institution of Engineers

Enc

RSMY/WC/ML

Cc: Mr Edward YAU GBS JP, Secretary for Commerce and Economic Development
By Fax Mr Michael WONG JP, Secretary for Development
Mr Kevin YEUNG JP, Secretary for Education
Mr WONG Kam Sing GBS JP, Secretary for the Environment
Mr James LAU JP, Secretary for Financial Services and the Treasury
Mr LAU Kong Wah JP, Secretary for Home Affairs
Mr Nicholas YANG GBS JP, Secretary for Innovation and Technology
Dr LAW Chi Kwong GBS JP, Secretary for Labour and Welfare
Ir Frank CHAN JP, Secretary for Transport and Housing

Enclosure

**Views from the Hong Kong Institution of Engineers
to the Financial Secretary for the Formulation of the 2019-20 Budget**

The Hong Kong Institution of Engineers (HKIE) agrees to the Administration's direction in supporting enterprises, securing employment and stabilising the economy of Hong Kong in the preparation of the 2019-20 Budget. We consider it utmost important to devise a consolidated and visionary blueprint while taking a prudent yet progressive approach to address both short and long term development needs. For the betterment of Hong Kong, the HKIE would like to provide our views and suggestions to the Administration for the formulation of the 2019-20 Budget.

Land and Housing

2. Land and housing issues are always of much concern to the public in Hong Kong. The HKIE advocates adopting a multi-pronged approach to expand land resources with a view to building up a land reserve for Hong Kong for the mid- to long-term developmental needs. The HKIE also supports the Administration to make bold investments and allocate surplus to build up capacity in terms of land for development, quality of living and environment conservation.
3. To facilitate building up a land bank, the HKIE urges the Administration to reserve sufficient resources for conducting detailed planning and feasibility studies of the identified land supply options, including the East Lantau Metropolis. Adequate financial resources should be set aside for land resumption and compensation for brownfield sites development and urban renewal projects. Substantial investment in upgrading the infrastructural facilities on the relevant sites, including road networks, drainage systems and flood control measures, would also be required.
4. To facilitate the development of brownfield sites, it is suggested that the Administration should allocate resources to ease the impacts that would be brought to the relevant industries and the existing operators (e.g. construction, logistics, recycling and vehicle repair), such as providing subsidies to cover the relocation costs of some of the brownfield operations to multi-storey buildings.
5. The HKIE supports the Administration to pursue the "single site, multiple use" model in multi-storey developments for Government, Institution or Community sites. We welcome the new \$1 billion funding to subsidise the costs of basic works of eligible projects from non-governmental organisations (NGOs) of optimising the use of vacant government sites, and suggest the Administration to consider assigning funding to encourage and support more NGOs in preparing proposals at the early stage for revitalising the vacant government sites.
6. Currently, there are about 150,000 general applications for public rental housing and the average waiting time has already been 5.5 years¹. In response to this difficult situation, we consider that transitional housing could be one of the effective ways out to

¹ The Hong Kong Housing Authority (2018), *Number of Applications and Average Waiting Time for Public Rental Housing*, Retrieved from <https://www.housingauthority.gov.hk/en/about-us/publications-and-statistics/prh-applications-average-waiting-time/index.html>

provide temporary homes for the city's less fortunate. It is noted that construction of Hong Kong's first social housing development made from prefabricated units could be completed as early as September 2019 under a government-backed pilot project for the needy. The HKIE supports the Administration to extend the scope of the project and to introduce more grants for basic and necessary rehabilitation works for those transitional housings.

Economy and Innovation

7. While Hong Kong remains competitive and ranks the 7th overall and 3rd in Asia in global competitiveness², our "innovation capability" still has much room for improvement.

8. For Hong Kong to catch up and eventually become a front runner in innovation and technology, the Administration should step up for early establishment of Smart Government Innovation Lab and inject funding to encourage collaboration with the industry to put forward innovation and technology (I&T) applications in both public and private sectors. The Administration may also consider allocating financial resources to assist award-winning innovative solutions and startup companies to promote I&T and match with suitable organisations.

9. Tax advantage is one of the factors that can build our I&T industry. The Institution supports the Administration to enhance tax deduction for companies' spending on research and development. We recommend the Administration to offer further tax measures to encourage small and medium enterprises in engineering and construction industry to adopt new engineering technology, such as Internet of Things, data analytics, biotech, artificial intelligence and virtual reality.

10. The HKIE supports the Re-industrialisation Funding Scheme and is of the view that more resources could be invested in developing advanced manufacturing technologies and introducing high value-added industries, for example, automation intelligence and robotics. Incentives for promoting the upgrade of traditional manufacturing industries and attracting companies in I&T sector moving their suitable operations back to Hong Kong could facilitate re-industrialisation.

11. Another crucial factor to drive innovation is quality manpower. There should be financial incentives to attract overseas talents as well as multi-national companies to come to Hong Kong to facilitate exchange of worldwide I&T, so as to enhance its renowned international status. With the development in the Greater Bay Area and the Belt and Road countries, the Administration should increase resources to boost academic and research collaborations among various practitioners in engineering or technology within the regions in order to identify the core competitive advantages and explore ways to complement one another.

Nurturing Talent

12. The HKIE always advocates nurturing young talents by promoting STEM (science, technology, engineering, and mathematics) education to foster students' innovative thinking as well as collaboration and problem-solving skills, so as to enable Hong Kong to keep pace with the rapid technological development worldwide.

² World Economic Forum (2018), *Global Competitiveness Report 2018*, Retrieved from <http://www3.weforum.org/docs/GCR2018/05FullReport/TheGlobalCompetitivenessReport2018.pdf>

13. The HKIE welcomes the continued commitment of the Administration to promote STEM education. We note that a new recurrent Life-wide Learning Grant will be introduced to primary and secondary schools starting from the 2019/20 school year as proposed in the 2018 Policy Address. It is expected that the Grant would be reviewed regularly to meet the evolving needs of students through experiential learning. The Administration should consider expanding the Grant to cover teachers' continuous development, especially providing more diversified trainings and financial resources on upgrading teaching equipment.

14. Courseware support is also indispensable to arouse students' interest in STEM and facilitate teaching work. To promote the use of e-textbooks, it is noted that the latest e-Textbook Market Development Scheme (EMADS) was rolled out in 2013 for schools' use in 2016/17 academic year. We consider it conducive to refine and rerun the EMADS with more financial incentives to encourage more textbook publishing-related organisations/ schools/ tertiary institutions to develop e-textbooks and enhance the quality of STEM teaching materials.

15. To prepare for the overwhelming Hong Kong infrastructure development and in response to the foreseeable shortage of 5,000 to 10,000 skilled construction workers³, the Institution hopes that the Administration will provide sufficient resources for vocational and professional education and training on engineering-related disciplines to meet the demand of different levels of manpower in the industry. It is noted that the pilot run of the Engineering Training Subsidy Scheme has been implemented for part-time programmes offered by Vocational Training Council. The HKIE hopes that the Administration, after reviewing the pilot run, will consider allocating more financial resources for extending the Scheme to other qualified courses provided by various educational bodies, and raising the refund ceiling.

16. We welcome the optimisation of the Continuing Education Fund (CEF), including increasing the subsidy ceiling and extending the scope of the CEF to all eligible courses registered under the Qualifications Register, and recommend the Administration to allocate additional funding to extend the CEF to encourage continuous development of professionals and acquisition of advanced technology.

Improving People's Livelihood

17. The Hospital Authority has commenced planning for the second 10-year hospital development plan. Alongside the construction work for redevelopment or expansion of the existing public hospitals, sufficient resources should be reserved to augment the capacity in terms of smart health facilities as well as healthcare manpower to meet the challenges of increasing demand and the ageing population. To encourage the development of smart health facilities, the Administration is recommended to provide funding for researches on related technologies. Sufficient financial resources for relevant trainings on updated medical technologies are also essential to empower the professionals to fully utilise smart health resources.

18. To promote the use of smart ageing technology, the HKIE suggests the Administration to progressively increase the funding of the Innovation and Technology Fund for

³ Development Bureau, HKSAR Government (2018), *Construction 2.0*, Retrieved from: <https://www.hkc2.hk/en/>

Application in Elderly and Rehabilitation Care to allow more elderly and rehabilitation service units to try and procure technology products to achieve smart ageing. We also recommend the Administration to review the progress regularly and consider formulating a detailed financial commitment to support the continuous upgrade and maintenance of such facilities and equipment. Funding to provide consulting service and technical support on smart ageing to those elderly and rehabilitation service units could also be considered.

Liveable City

19. The HKIE welcomes the Administration to continue encouraging the use of new energy vehicles (NEVs) so as to improve roadside air quality. We hope that enhanced tax concessions and further hardware support (e.g. installation and upgrade of more charging stations for electric vehicles (EVs)) will be introduced to provide incentives for the public to shift to use NEVs. It is noted that the shorter battery life and longer charging time of EVs would deter a wider replacement of traditional fuel-powered commercial vehicles. To tackle the concerns of the industry, the Administration is encouraged to devote more resources in research on battery development with larger capacity and shorter charging time. Apart from EVs, the Institution suggests the Administration to also put more resources in exploring the feasibility of introducing other types of NEVs into Hong Kong, including hydrogen, natural gas and solar vehicles.

20. To enhance the energy efficiency of buildings, both commercial and residential ones, the HKIE welcomes the Administration to impose further tax reduction on purchasing and using the renewable energy and energy-efficient building installations so as to build a low-carbon Hong Kong and improve the overall living quality. In the long run, the Administration is recommended to devote sufficient resources on research and adoption of advanced Green Building Technology. Monetary incentives, such as funding and subsidy, can be considered to grant to the research institutions as well as the private sector to incubate innovation in related fields.

21. The HKIE is committed to join hands with the Administration to build Hong Kong as an ideal home for all the citizens and to ensure everyone is able to share the fruits of the economic development. In the 2019-20 Budget, we wish our revenue can be effectively and strategically allocated in all areas, including welfare, infrastructure, housing, education, research and development to build a better future.